Section 35AD of Finance Act

1270. SHRI JAI PRAKASH NARAYAN SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that with the insertion of section 35 AD in the Finance Act, 2009, Reliance Gas Transportation Infrastructure Ltd. (RGTIL), would benefit to the tune of Rs. 20000 crores;

(b) if so, the reasons for allowing such a largesse to a single company;

(c) what would be the total benefit to the industry as a whole with the insertion of section 35AD; and

(d) how does Government proposes to bridge this huge revenue loss?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) Section 35AD has been inserted in the Income Tax Act with effect from 1.4.2010. It is applicable for incomes arising in the current financial year. Deductions will be available prospectively to any company which fulfills the necessary conditions. Any company which fulfills the necessary conditions will be benefitted as per the provisions of the section.

(c) Section 35AD has been inserted in the Income Tax Act with effect from 1.4.2010 and is thus applicable only from the current financial year. This section will promote investment by industry in the following areas:-

(i) Setting up and operating a cold chain facility;

(ii) Setting up and operating a warehousing facility for storage of agricultural produce;

(iii) Laying and operating a cross-country natural gas or crude or petroleum oil pipeline network for distribution, including storage facilities being an integral part of such network.

(d) Section 35AD allows an undertaking to claim the entire capital expenditure as deduction in the year in which it is incurred. This expenditure would otherwise have been allowable to the entity as depreciation in subsequent years. This would result only in the postponement of tax liability. The amendments through annual finance Bills also contain provisions to enhance or augment revenue collection besides provisions for tax benefits though there cannot be a direct correlation between the two. The Government has undertaken additional revenue generating steps such as increase in the prescribed rate of Minimum Alternate Tax in the Income Tax Act with effect from 1.4.2010.

Meeting the target of agriculture credit

1271. SHRIMATI JAYANTHI NATARAJAN: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that most of the Public Sector Banks have failed to achieve the mandatory 18 per cent credit to agriculture sector;

(b) if so, the details thereof for the last three years, year-wise and bank-wise;

(c) the reasons for the non achievement of disbursal of agri-loan by these public sector banks; and

(d) what remedial measures Government has taken or proposes to take in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) to (d) The Government of India has taken several steps to ensure the smoother flow of credit to the agriculture sector. As a result the banks have exceeded the targets set. The details of targets fixed and achieved in respect of agricultural credit flow by all banks during the years 2006-07 to 2008-09 are as follows:

(Rs. Crore)

Year	Target	Achievement
2006-07	1,75,000	2,29,400
2007-08	2,25,000	2,54,657
2008-09	2,80,000	*2,87,149

*Provisional figures upto March, 2009

Public Sector Bank-wise details indicating the percentage of total agricultural advances to Adjusted Net Bank Credit (ANBC) for the year 2007, 2008 and 2009 as per Reserve Bank of India Information is given in the Statement.

The shortfall in lending to agriculture and/or to the priority sector by scheduled commercial banks is contributed through Reserve Bank of India (RBI) to a corpus called the Rural Infrastructure Development Fund (RIDF) operationalized by NABARD in 1995-96 to finance ongoing rural infrastructure projects.

Statement

Public Sector Bank-wise Details of Advances of Public Sector Banks to Agriculture

(Amount in Rs. Crore)

Sl. No.	Name of the Bank	Total Agricultural Advances (As on the last reporting Friday of)					
		Mar-07		Mar-08		Mar-09	
		Amount	Per cent to ANBC or credit equivalent of OBE, whichever is higher	Amount	Per cent to ANBC or credit equivalent of OBE, whichever is higher	Amount	Per cent to ANBC or credit equivalent of OBE, whichever is higher
1	2	3	4	5	6	7	8
	Public Sector Banks						
1.	Allahabad Bank	7,692.00	18.3	9145.67	20.4	8,989	18.1
2.	Andhra Bank	5,149.78	18.5	6156.42	21.8	6,834	19.8
3.	Bank of Baroda	10,366.39	15.9	13268.93	16.8	16,964	16.9
4.	Bank of India	11,289.00	18.4	13128.00	18.5	16,346	18.2
5.	Bank of Maharashtra	3,884.12	14	4841.01	15.4	4,522	15.2
6.	Canara Bank	15,521.00	15.7	17996.00	17.7	20,144	19.0

1	2	3	4	5	6	7	8
7.	Central Bank of India	9,251.89	18.8	11104.06	17.6	13,639	16.5
8.	Corporation Bank	2,621.74	9.2	3529.79	10.0	4,330	11.1
9.	Dena Bank	3,344.70	15.2	2764.64	14.7	3,851	15.5
10.	Indian Bank	5,656.08	21	6214.87	22.1	7,618	19.9
11.	Indian Overseas Bank	7,890.22	18.7	8688.90	18.9	10,573	18.5
12.	Oriental Bank of Commerce	5,732.28	11.1	6592.00	12.3	8,565	13.3
13.	Punjab National Bank	18,571.00	18.9	19946.40	18.9	23,806	19.7
14.	Punjab and Sind Bank	2,502.12	16	2438.22	17.9	2,969	14.1
15.	Syndicate Bank	8,049.60	17.4	9331.81	19.9	10,796	18.4
16.	Union Bank of India	10,674.76	16.8	11392.87	17.2	13,233	16.0
17.	United Bank of India	2,713.00	12	3172.00	13.2	3,869	13.0
18.	UCO Bank	6,154.00	13.9	7948.00	16.2	11,038	19.0
19.	Vijaya Bank	3,230.63	12.4	3942.16	12.9	4,513	14.0
20.	IDBI Bank Ltd.	1,377.98	2.2	4526.00	6.7	8,311	10.1
	State Bank Group						
21.	State Bank of India	41,661.32	14.5	56432.00	18.6	69,279	18.3

1	2	3	4	5	6	7	8
22.	State Bank of Bikaner and Jaipur	3,754.59	18.3	4589.58	22.1	4,828	19.1
23.	State Bank of Hyderabad	3,798.65	13.7	5147.71	18.1	6,932	18.8
24.	State Bank of Indore	2,644.56	17.2	3018.47	19.1	3,343	18.2
25.	State Bank of Mysore	2,180.94	13.8	2911.36	18.1	3,571	16.8
26.	State Bank of Patiala	4,491.00	15.8	4573.71	15.7	5,040	13.7
27.	State Bank of Travancore	1,936.61	18.1	2194.76	19.5	2,953	10.3

Source: RBI

Notes: 1. Data are provisional.

2. ANBC - Adjusted net bank credit or credit equivalent amount of off-balance sheet exposure, whichever is higher, effect from April 30, 2007.

3. Indirect agriculture is reckoned up to 4.5 per cent of ANBC for calculation of percentage for Agriculture.

Source: Data furnished by respective banks.